

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



U. S. DEPARTMENT OF AGRICULTURE  
Washington, D. C.

-----  
For June 21, p.m. Papers ;  
-----

JUL 6 1939

EATING THE SURPLUS

An address by Milo Perkins, President of the Federal Surplus Commodities Corporation, at a meeting of the National Association of Retail Grocers at Kansas City on Wednesday, June 21, 1939 at about 10:30 A.M. (Central Standard Time)

-----

Mr. Chairman, Members of the National Association of Retail Grocers, I appreciate this opportunity to be with you during your Convention and I want to thank you for having invited me.

These are exciting times. America is growing up. We've lost the cockiness that was ours when we wore knee breeches, but we haven't yet found the confidence that goes with long pants. Many of the old ways of making a living are gone. We don't need men these days to homestead free land to the West. We don't need men these days to build more flour mills, more shoe factories, or more railroads. Those days are gone. Of course, we've found some amazing new ways of making a living in places like our aeroplane factories, our broadcasting stations, and our automobile plants. We've found some amazing new ways for a man to earn his daily bread, but we haven't yet found enough of them.

According to a study of consumer incomes, recently published by the National Resources Committee, there are 40,000,000 Americans living in families whose average cash income is only \$9.00 a week. Imagine what a job it would be for any of us in this room to pay house rent, to feed and clothe our families, and to try to educate our children on less than \$40.00 a month. About one-half of these 40,000,000 persons are getting some sort of public assistance. Studies indicate that they spend an average of about \$1.00 a week a person for food; that's



fifteen cents a day — five cents a meal! No wonder farmers are having trouble finding a broad enough market for what they produce; no wonder malnutrition is a headache for the Public Health Service, and no wonder it has been a tough job for many of you to make a decent living when a third of your customers have done more window-shopping than cash buying.

In other civilizations, men have suffered from famine, disease and local despots, but this is the first time in written history when men have suffered because they were surrounded by too much of the things they needed most. If it weren't so tragic, we could laugh about it. Fifty years from now, men will.

The number one job of our generation is to get the plentiful supply of goods which we have learned how to produce into the hands of those who ask only the chance to work for them. That will take time, and there will be difficulties to overcome on many fronts as we move toward full employment. Meanwhile, however, so far as food is concerned, the country apparently has made up its mind to give the underfed a chance to eat the surplus.

For nearly five years the Federal Surplus Commodities Corporation has been endeavoring to meet a small part of this problem by a program of direct purchase of surplus agricultural commodities. These have been bought in car lots in the producing areas and shipped to the various states which in turn distributed them to families eligible for public assistance. There is an article in the present issue of COSMOPOLITAN dealing with the Food Stamp Plan which was written by Stuart Chase. By way of giving the background for this experiment he used a very graphic picture to describe the direct purchase work of the Corporation for the past five years.

He asked his readers to imagine a solid freight train/sixteen hundred miles long, extending from Baltimore to Denver. He told his readers that this imaginary train was loaded with five billion pounds of vitamin rich surplus foods such as dairy and poultry products, fresh fruits, and vegetables. In all, some 15,000,000



under-fed Americans have lined up beside this train to get their share of these foods to supplement their inadequate diets. These figures are vast and I find them difficult to understand. Stepped down to the hungry individual, however, it has meant an average of less than one cent per meal for each person.

Notwithstanding this program, farmers still have too narrow a market for what they produce. They make up 24 percent of our population;-- they have 30 percent of the nation's children; -- but they get only 11 percent of the national income. Half of them can't buy enough to give the wheels of industry more than a turn or two. No wonder there is unemployment in our cities. No wonder there are millions of youngsters who have less to eat than is required by minimum health standards. We are taking dangerous risks with these children who need to be physically strong if they are to make their contribution to the democracy of tomorrow.

The surplus foods on this train from Baltimore to Denver have been shipped over a five year period to Departments of Public Welfare in every state in the Union. They in turn have set up food depots within the states from which distribution has been made to needy families by various methods. Considering the difficulties of conducting a job of this sort outside the normal channels of trade, I feel that a good piece of work has been done.

Secretary Wallace, however, feels that there is not a job in the world which can not be improved upon. Last fall he asked several people in the Department to get <sup>to</sup> work on more effective ways of increasing the home market for the American farmer. He feels that our greatest opportunity to increase the domestic consumption of food lies in the field of farm products for which there is an elastic demand, such as those aboard the train from Baltimore to Denver.





He knows that the consumption of dairy products and fruits and vegetables goes up and down with the rise and fall of city payrolls.

He told us that farmers, by themselves, are helpless to move all their surplus products into a market which is too limited to take them, and he told us that Government, in the very nature of things, cannot hope to do the whole job single-handed. While he thinks of the grocers of America as salesmen for the foods which our farmers produce, he knows that you men cannot sell all the surpluses without help of some sort, since your customers who need these foods most lack the money with which to buy them.

And so, he asked some of those who had a direct stake in this thing to get together and work out a sensible plan to move surplus foods through normal trade channels. We got a picture of a gorge, with farm surpluses on one cliff and under-nourished city folks with outstretched hands on the other. We set out to find a practical way to build a bridge across that chasm.

Ways and means were discussed with farm leaders, with people from many branches of the food trades, quite a few of whom are in this room, and with people responsible for public health and public welfare activities. Many government people outside the Department of Agriculture became interested. Men in the General Accounting Office worked overtime to help us get our forms approved. Secretary Morgenthau took an eager and a personal interest in this program from its very beginning which was enormously helpful to us. One of his men, Mr. Bartelt, who is Commissioner of Accounts and Deposits in the Treasury, was responsible for the ingenious suggestion that we use stamps rather than scrip. This has reduced the administrative cost of redemption to a fraction of what it otherwise might have been.



Representative leaders in the food trades checked the early suggestions with about 150 wholesalers and retailers in all parts of the country. Not a word about it leaked out for nearly a month — which is more than I can say for some official secrets among government people in Washington. We said to these men frankly, "You will have to live with this plan after it is inaugurated; now, help us get the bugs out of it." Many practical suggestions were made and adopted, and, although no one in America ever bought food with stamps before May 16, 1939, shopping with food stamps in both Rochester and Dayton has gone smoothly from the housewife's as well as from the grocer's point of view.

The most thrilling thing about the Stamp Plan lies in the fact that so many persons had a real part in laying its foundations. They worked to get a workable program and not for personal credit. The last five months, therefore, have certainly been the most exciting five months in my life. I have had the good fortune to watch leaders in farm organizations, in the food trades, in public health work, and in other branches of the government work together toward a common objective in a wholly non-partisan fashion. I believe we have laid the basis for solving a perplexing American problem in a way to make us proud of our country. All the great things we've ever accomplished in this country have been done when we pulled together in the interest of the general welfare. The fact that you grocers will make a nickel out of this program is only another way of saying that you are worthy of your hire for the services you render. We believe in that practical sort of cement to insure continued co-operation.

Most of you, I take it, are familiar with the details of the Stamp Plan. This is the way it works:



1. Studies indicate that persons getting public assistance spend an average of about \$1.00 a week per person for food.
2. On a voluntary basis, such persons may buy a minimum of \$1.00's worth of orange stamps a week for each member of the family. These are good for any food at any grocery store.
3. Persons buying orange stamps receive half again as many blue stamps free. They receive these in place of the commodities they formerly got at food depots. These blue stamps also are good at any grocery store but only for foods found to be "in surplus" by the Secretary of Agriculture. (Chiefly, dairy and poultry products, fruits and vegetables; - meats could easily be handled by this method, however, if it became necessary to do so.)
4. Grocers paste the stamps, each worth twenty-five cents, on \$5.00 cards and redeem them largely through their banks. The Government pays the banks for both colored stamps; the blue stamps are redeemed from the same funds that are now used to purchase surplus commodities directly.
5. Under the Stamp Plan, therefore, persons receiving public aid can get surplus foods at the corner grocery store. They will have seven and one-half cents to spend for each meal rather than the five cents a meal they are spending now. That will improve farm income as well as the public health. The idea is to eat the surplus - that is, the part that can be consumed in this country.



That is the essence of it, although, of course, there are variations which give us the necessary flexibility to meet different local conditions. Any one who is interested in the matter can obtain official detailed releases from our Washington office.

The Stamp Plan places a tremendous responsibility upon the food trades of America. They recognize this, and at their suggestion every grocer in Rochester and Dayton has signed an honor pledge to follow the rules and regulations to the letter. There is no interference with private business in this program but there is a great trust placed in private business by it. If it is expanded upon a nation-wide basis, the farmers of the country will be counting upon you to make an aggressive effort to sell their surplus products and thereby give them a greater income with which to buy those things which jobless men in the cities should be at work producing for them.

All housewives in America will be counting upon you to sell them surplus foods as reasonably as you can; you should make a greater net profit than you made before, however, because of the increased volume of business which the Stamp Plan makes possible. And last but not least, your Government will be counting upon you to render this service both to farmers and to city consumers in such a fashion as to prove to every citizen in the country that you are making a genuine contribution to the general welfare.

If you grocers fail to measure up, the Stamp Plan will be discarded. It cannot succeed without you. If you do as well as the wholesalers and retailers have done in Rochester and Dayton, however, its success seems assured. You will be doing a greater thing than to bring about an improvement in your own businesses. You will be helping to build a framework within which Government and business







can work together to improve conditions throughout the Nation. An ounce of such experience is worth more to the country at this time than a pound of speeches. Already, the imagination of our people has been captured. There is hope that we may be well on the road to a new day -- a day in which abundance shall no longer be a curse, but a blessing.

In the early days, when the Stamp Plan was an idea, and not a program, the criticism most frequently brought to our attention was the danger of petty chiseling by folks getting public assistance as well as by the grocers themselves. We were told that the blue stamps would be traded for liquor and tobacco, or that some grocers would buy them for cash at a discount. All sorts of elaborate devices for preventing these sorts of abuses were suggested. Many of them would have required a corps of Government auditors checking the sales of every corner grocery store in America. We threw such suggestions overboard as too cumbersome and too costly.

We tried to devise a plan in which the selfish advantage of petty chiseling would be reduced to a minimum and to appeal to the grocers of America to conduct themselves with integrity. We know that here and there an occasional grocer may violate the regulations notwithstanding the efforts of the food industry to police itself, and notwithstanding the fact that such violations are punishable by fine and imprisonment. We are going to ask for prompt prosecution in such cases, and we know we'll get the backing of the grocers themselves.

There was a rumor in Rochester that some grocers were accepting blue stamps for foods not on the surplus list, but I am glad to report that while it took a few days for grocers to become familiar with the rules and regulations,



the investigators who worked quietly in Rochester did not find a single case of deliberate chiseling during the first pay-period. This is a compliment to the grocers in Rochester and to the food industry of which they are a part. I want to take this occasion to congratulate them.

The cooperation which we have received from all groups of people who live in Rochester and in Dayton has been most encouraging. The banks have redeemed the stamps for their customers without charge; -- local business people have taken a keen interest in this national problem which is being attacked upon an experimental basis in their own home towns; -- various club organizations have made it their business to become familiar with what the program is expected to achieve, and the retailers and wholesalers themselves have done an excellent and a thorough educational job among their own members. Through some very statesman-like advertising, they have made it clear that the Stamp Plan is designed to help all housewives, and not only those who receive the blue stamps.

This local responsibility is essential to the success of the Stamp Plan since the Federal Government comes into the picture at only two points. We designate the surplus foods, and issue and redeem the stamps which are intended to be a magnet for drawing foods from the farm through normal trade channels into the homes of undernourished people. The job of effective merchandising is yours; our job is to give you an increased volume of business in those surplus foods which are pressing the heaviest upon the backs of our farmers.



The Stamp Plan has been in operation in Rochester for about a month, while it has been working in Dayton for only a couple of weeks. It is too early, therefore, to tell you much about its results. I do, however, want to give you a picture of participation in Rochester where the plan has been in operation over two pay periods. There are 10,500 cases eligible to buy orange stamps and 3,500 WPA workers eligible to ask that the cost of the orange stamps be deducted from their pay checks. Nearly 15 percent of these cases are single persons, and since the Stamp Plan is best suited to families, we would consider that we had complete participation in Rochester if 3,000 WPA families bought the stamps and 9,000 families in other categories of public assistance purchased them. 761 WPA families bought them during the first pay period which covered the last half of May, although there were only a few days in which to ask for pay-roll deductions. During the second pay period, which covered the first half of June, 1,568 WPA families took advantage of the plan. 4,900 families out of a possible 9,000 other eligible families bought them during the first pay period, while 6,500 such families participated during the second pay period. Participation, which is wholly voluntary, increased by about 40 percent, therefore, during the second pay period. Since the proof of the pudding is said to be in the eating, we are inclined to feel very encouraged, although we realize that more time will be required to establish a definite trend.

Apparently, the Stamp Plan will bring a net sales increase of over a million dollars a year to the grocers of Rochester so far as blue stamp purchases of surplus foods are concerned. That's only half the story, however. The grocers are making an aggressive effort to sell surplus foods to all housewives, and if they succeed in increasing their sales to non-relief families, they will be rendering an enormous service to the farmers of the country. We have reason to hope





therefore, that a dollar of Government money spent through normal trade channels under the Stamp Plan will move more than a dollar's worth of surplus foods. If it does, the taxpayer will be getting a bargain.

We have been under a great deal of pressure from cities throughout the country to expand this program. It has seemed wiser to move forward cautiously, however, particularly during this experimental period. We have learned a great deal on minor points both in Rochester and Dayton which will enable us to do a more effective job in other cities. During the next few months we shall learn a great deal more. I know that many of you would like to know how fast we can extend the program — how long it will be before the Stamp Plan comes to your home town. I wish I could tell you, but I can't because no one knows the answer to this question now in terms of exact dates. We must make up our minds as we go along, as we study results, and as we learn to do our job more effectively.

Learning to live with abundance is a wholly new job for us as a people. This is not the place to discuss ways and means of getting the jobless back to work, but I want to point out that we are not limited like the people of China or India. The relation of people to land in those countries is such that they can never have what we like to think of as an American standard of living. We, on the other hand, are the most fortunate people on the face of the earth and I think sometimes that our greatest difficulty lies in the fact that we do not appreciate it.

We have abundant national resources. There is more than enough for everybody. We have millions of willing workers who ask only the chance to work and to be of use in the world. Many of them are young men and women who want to get married and have their own homes. We have the most amazing machinery for turning out a variety of useful things that any civilization has ever seen. We have everything





but tickets of access to what we've got.

Our trouble is that we're hoping the unemployment problem will solve itself. It won't, any more than the problem of building an automobile solved itself. That took the sweat and the genius of many men and it took a stiff Federal subsidy by way of good roads, but we're all proud of the achievement. If we don't want our democracy to explode in our faces, we'd better pull together to find new ways to put idle capital to work so that idle men can get jobs. A money-rich, consumption-poor economy can't survive.

One of the necessities of our maturity is that Government and business must tackle this unemployment problem together and keep at it until every one in the country who wants to work has the chance to work. This, too, will take the sweat and the genius of many men and it also may require a Federal subsidy which will underwrite industrial capitalism, but the riches produced by a Nation at work will more than offset the cost.

We can have full employment within five years if we're willing to fight for it with the united determination of our whole people. When that time comes we won't need local relief as we know it now, although Government may be financing a great many investments. When that time comes we won't need food stamps to move agricultural surpluses because a Nation at work can consume more foods like those on the train from Baltimore to Denver than our farmers are now producing.

Progress away from idleness and toward usefulness can be brought about, but it won't just happen. We'll have to work for it -- all of us. We'll have to keep working at it until we succeed, -- and not take "no" for an answer. No one is to blame for our unemployment problem; it's a kind of economic awkwardness that comes at the point where we're too old for knee breeches and too young for



long pants. That doesn't mean, however, that this economic bashfulness can go on indefinitely. On the contrary, it's about time we tackled a man's job in a man's world -- and solved it. Meanwhile, the underfed should have a chance to eat the surplus. That's one of those kindergarten jobs which must be tackled now, if we are to give ourselves time to build a more industrious and therefore more splendid America.

- - H-R-B-Y - -

